

# **FISCAL NOTE**

## **SB 13 - HB 33 SECOND EXTRAORDINARY SESSION**

November 5, 1999

**SUMMARY OF BILL:** Amends T.C.A. 67-4-2008. Exempts from excise tax any family owned non-corporate entity where substantially all the activity of the entity is the production of passive investment income. For purposes of the exemption "family-owned" means that all the ownership units of the entity are owned by members of the family, which means, with respect to an individual only: a) an ancestor of such individual; b) the spouse of such individual; c) a lineal descendent of such individual, of such individual's spouse, or of a parent of such individual; or d) the spouse of any lineal descendent in subdivision c. For purposes of this new section only a legally adopted child of an individual shall be treated as the child of such individual by blood. For purposes of the exemption defines "passive investment income" as gross receipts derived from royalties, rents, dividends, interest, annuities, and sales or exchanges of stock or securities to the extent of any gains therefrom.

### **ESTIMATED FISCAL IMPACT:**

#### **Decrease State Revenues - Exceeds \$100,000**

The exact amount of loss cannot be determined since the Department of Revenue does not keep data on the amount of tax collected as a result of this source of income; however, such loss can be reasonably estimated to exceed \$100,000.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director